# 3 Strategies to Stay Ahead of Critical Trucking Challenges

Best-practice tips for managing your most valuable asset — your people — for competitive advantage

# Introduction

The trucking industry remains a driving force behind the U.S. economy. Continued economic growth has fueled a consumer spending boom — especially online — significantly increasing shipping demand. In 2018, trucks moved 11.49 billion tons,or 71.4%, of the nation's tonnage freight, and industry revenues rose to $796.7 billion, up nearly 14% from $700.1 billion the previous year.[1] It takes a lot of people to move all that freight, particularly in an industry largely unaffected by offshoring and automation. A total of 7.8 million people, including 3.5 million professional drivers, were employed in trucking-related jobs in 2018,[2] making effective people management especially critical to ongoing business success.

**Even in this time of dynamic growth and booming demand, the trucking industry faces some significant challenges.** The American Trucking Association (ATA) surveyed approximately 2,000 trucking stakeholders to identify top industry challenges and explored its findings in a panel discussion at the 2019 ATA Management Conference & Exhibition in San Diego. An annual survey by the American Transportation Research Institute (ATRI) of top trucking industry challenges yielded similar findings.

This paper examines **top people-related challenges confronting today's trucking industry and strategies you can use to stay one step ahead of them** and maintain a competitive advantage.

**With more than 7.8 million people employed in trucking-related jobs in 2018, effective people management is critical to business success.**

# Challenge #1: A Persistent Driver Shortage

It's no secret that the trucking industry is facing a critical shortage of drivers. In 2018, the trucking industry was short roughly 60,800 drivers, up nearly 20% from 50,700 in 2017. If current trends continue, the shortage could increase to over 160,000 drivers by 2028.[3] Increased demand alone does not account for this shortfall; other contributing factors include demographics, lifestyle, and more job alternatives.

One of the biggest challenges affecting the shortage is demographics. The trucking workforce is predominantly male; women currently account for only 6% of commercial truck drivers.[4] According to the Bureau of Labor Statistics, the average age of commercial truck drivers in the U.S. is 55 years old,[5] which is cause for concern. Over the next decade, the trucking industry will need to hire roughly 1.1 million new drivers, or an average of nearly 110,000 per year. The need to replace retiring truck drivers will be by far the largest factor, accounting for more than half of new driver hires (54%).[6]

Another contributing factor to the driver shortage is the lifestyle. Trucking is a solitary job that can be tough on the body, as drivers sit behind the wheel for long stretches of time and grab fast food on the go. Over-the-road drivers can spend as many as 300 days a year away from family and friends, putting a strain on relationships. While upward trends in truck driver pay continue,[7] and many carriers are offering signing bonuses, better money is not always enough to compensate for the rigorous demands of the job.

Furthermore, in today's strong job market, there are simply more employment options out there for current and prospective truck drivers. For example, the construction industry has increased payrolls by nearly $1.4 million over the past five years[8] and warehouse employment has risen 90% since 2000.[9] Many of these jobs offer comparable pay without all the travel, making them attractive alternatives for road-weary drivers who want to stay closer to home.

***Demographics, a demanding lifestyle, and more job alternatives are contributing to the driver shortage.***

## Strategies to consider

To address this growing worker gap, the industry is launching a number of promising initiatives to entice retirees, military veterans, minorities, and women into trucking. Recruitment, however, is only part of the problem. While attracting drivers is difficult, getting them to stick around is even harder, especially as more companies offer signing bonuses and other hiring incentives. While higher compensation has slowed churn slightly, turnover is still high — 87% for large truckload carriers and 72% for small carriers in 2018.[10] These trends suggest the need for trucking companies to invest in programs to attract, engage, and retain employees.

When it comes to winning the war for talent, improving the candidate experience is a great place to start. Many modern workforce management solutions provide tools for configuring a custom career site that seamlessly integrates with popular job boards such as Indeed, Glassdoor, ZipRecruiter, Monster, SimplyHired, and Google Jobs. An effective career site keeps candidates engaged in the application process with intuitive search functions, easy resume upload, and online forms. Talent acquisition technology makes it easier to identify the most qualified candidates with automated resume filters and configurable prescreening questions, while streamlined background checks accelerate hiring decisions so you can extend offers quickly — before candidates accept jobs elsewhere.

Once you've hired new employees, workforce management technology can help you create a positive and engaging culture that emphasizes communication, transparency, and autonomy. A successful onboarding program helps new hires feel welcome, establish key relationships, and become effective contributors quickly — extending the great employee experience introduced during the hiring process.

Throughout the employee lifecycle, managers should place a high priority on preventing employee burnout before it leads to costly churn. Predictive people analytics can collect and analyze labor data to pinpoint who is a flight risk and who needs to be reengaged. Plus, modern performance management tools help nurture engagement and longevity with simplified, paperless processes and continuous feedback that makes all employees feel valued — even when they spend much of their time on the road.

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# Challenge #2: ELD Mandate and Hours of Service

The electronic logging device (ELD) mandate, which took effect on December 18, 2017, is a set of regulations implemented by the Federal Motor Carrier Safety Administration (FMCSA), an agency of the U.S. Department of Transportation, to improve roadway safety and increase trucking industry productivity. According to the mandate, nearly all commercial freight trucks must be equipped with a standardized ELD that synchronizes with the vehicle's engine to record a driver's record of duty status to demonstrate compliance with hours-of-service (HOS) requirements. The FMCSA estimated that it would save the trucking and freight industry upward of $2 billion, including about $1.6 billion in paperwork savings alone.[11]

The FMCSA regulates the number of hours that truck drivers may drive per day as well as the total number of hours they may work per week. While there are some exceptions, drivers may work no more than 60 hours on duty over seven consecutive days, and the duty period must begin with at least 10 hours off duty. Drivers may be on duty for up to 14 hours per duty period, but they are limited to 11 hours of driving time. They are also required to take a 30-minute break every eight hours. These rules are designed to prevent driver fatigue that can lead to accidents, helping ensure the safety of truck drivers and other vehicle operators on the roadways.

While the ELD mandate and HOS regulations were intended to increase safety, many truckers insist they have actually made their jobs less safe. According to a survey completed by the Owner-Operator Independent Drivers Association, more than 70% of trucker drivers believe that they have been more fatigued as a result of the ELD mandate. Many survey respondents also admitted to driving faster in order to beat the clock near the end of shifts.[12]

Some truckers claim that the ELD mandate is also having a negative impact on their earning potential. Many truckers are paid by the mile, but HOS restrictions make it difficult to log adequate distances required to make a good living — especially given ever-increasing traffic volumes and long waits at docks to load and unload. Plus, many drivers argue that shippers and receivers don't take time restrictions into account when issuing fines for late arrivals or missed appointments.

***Many drivers claim that the ELD mandate has had a negative impact on job safety and earning potential.***

## Strategies to consider

Industry players and regulators are still working to adjust to the ELD mandate. On June 1, 2020, the FMCSA revised some provisions of the HOS regulations. These changes included increasing truck drivers' flexibility with their 30-minute rest break, extending by two hours duty time for drivers encountering adverse weather conditions, and expanding the current "short haul" exemption from 12 hours on duty to 14 hours on duty to beconsistent with the rule for long-haul truck drivers.[13]

Regardless of the final changes to HOS regulations, trucking and distribution companies will need to continue balancing efficiency and compliance, while finding ways to attract and retain talent. Given the constraints of the new regulations, more companies are switching over to component pay in an effort to find and keep qualified drivers. With this model, truckers receive a combination of mileage pay — which still comprises the largest portion of their compensation — and activity pay for nondriving tasks such as load and unload stops, typically resulting in more consistent wages.

With the trend toward component pay, ELDs alone aren't enough to track the breakdown of nondriving activities and corresponding pay rates. A labor management system capable of handling multiple pay types and pay codes makes it much easier to calculate component pay. Instead of trying to manage this complexity using spreadsheets, your managers can leverage integrated ELD and timekeeping data to deliver accurate driver paychecks.

In addition, analysis of integrated ELD and labor management data can provide financial and operational insights, while helping you identify ways to optimize driver satisfaction and engagement. Drivers dislike unproductive time — from long dock waits to breakdowns — that slows down their routes and forces them off schedule. Analyzing ELD and labor data helps you determine which nondriving activities routinely waste truckers' time the most, so you can take action to boost efficiency. Depending on your findings, you could choose to adopt cross-dock strategies, renegotiate contracts with shippers/receivers, or improve inspection protocols and fleet maintenance practices to better ensure vehicle reliability.

Read more about how to harness value from the ELD data you're already collecting.

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# Challenge #3: Detention at Customer Facilities

Excessive time spent waiting at shipping and receiving docks impacts the driver's earning potential and the carrier's ability to deliver optimal service to customers. Detention delays have long been a problem in the trucking industry. Shippers have seen the impact manifested in increased freight costs, while truckers struggle with maximizing productivity and meeting delivery deadlines — especially since the HOS rules and ELD mandate took effect.

The ATRI recently published a comprehensive study based on input collected from approximately 1,900 drivers, which found that detention frequency and length increased between 2014 and 2018, with negative impacts on driver productivity, regulatory compliance, and compensation.[14] In ATRI's 2018 driver survey, more than 79% of respondents said that detention at a customer's facility caused them to be late for or have to cancel their next scheduled appointment. Over the four-year study period, respondents saw delays of more than six hours increase by an alarming 27%.[15] Respondents to both the 2014 and 2018 ATRI surveys blamed delays on numerous factors, including understaffing and inefficiency at customer facilities and overbooking of appointments by shippers and receivers.[16]

Other research confirms the growing detention problem. A study conducted by DAT Solutions found that nearly 63% of drivers spend more than three hours at the shipper's dock each time they're loaded or unloaded. All that time adds up to more than four billion hours that truck drivers spend waiting at facilities each year.[17]

Mounting detention events significantly impact the ability of truckers, especially those who are paid by the mile or earn a higher component rate for drive time, to make a decent living. This financial toll may be another cause for growing trucker dissatisfaction and attrition.

***Increasing detention time impacts truck drivers' ability to make a decent living, potentially contributing to dissatisfaction and attrition.***

## Strategies to consider

The trucking and distribution industry needs to reevaluate its detention policies and strategies to better ensure carriers and drivers receive fair compensation for long delays at the dock. While most large fleet owners already have established policies in place, many smaller fleets have yet to follow suit because they don't feel they have the leverage or resources to enforce them. Even when detention policies — and associated assessorial fees — are written into a contract, larger shippers can simply refuse to pay. In such cases, small operators essentially have two choices: spend money to file a claim or choose not to haul goods for that shipper moving forward.[18]

There are, however, steps that trucking and distribution companies can take to better enforce their detention policies. ELDs provide more data faster and sophisticated tools are available to help carriers understand, predict, and precisely analyze detention time and its impact on productivity and costs.[19]

By integrating timekeeping and ELD data, for example, carriers can accurately account for all trucker time — in the yard, on the road, in traffic jams, or in loading dock queues. This visibility enables new levels of transparency between shipper, receiver, and trucker, and assists businesses in quantifying the opportunity costs of loading dock inefficiencies. They can use this data to pinpoint problem locations, back up assessorial fees, or even renegotiate contracts to increase punitive charges for detention events.[20]

Over time, detailed ELD and labor data can help you improve bidding profitability with accurate job costing that takes into account mounting detention times. In addition, it enables you to present customers with an objective view of detention times at problem shipping and receiving locations in an effort to drive efficiency improvements and curtail excessive waiting.

***If you're not investing in technology to manage your people, you may be missing a key opportunity to improve profit and service levels.***

## Staying on top of trucking industry challenges

Looking ahead, the trucking industry must overcome key challenges to fuel continued growth and successfully execute its pivotal role in the supply chain. Many carriers have invested in technology to optimize routes and fuel consumption and improve the safety and efficiency of their fleets. However, if you're not investing in technology to manage your most valuable asset — your people — you may be missing your greatest opportunity to improve profit and service levels. When you use workforce management solutions to attract and retain qualified workers, improve bidding and billing profitability, maintain regulatory compliance, and gain valuable business insights, you're in a better position to increase margins and achieve a sustained competitive advantage.

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